

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works	(2) MEETING DATE 3/20/2012	(3) CONTACT/PHONE John Waddell, Project Manager (805) 781-5252	
(4) SUBJECT Project update, request for Board direction related to design-build contracting, approval of a sole source contract for Professional Engineering Services with Carollo Engineers in the amount of \$942,669, and approval of a sole source contract for Environmental Services with Far Western Anthropological Research Group in the amount of \$898,106, as previously authorized, for the Los Osos Wastewater Project, Los Osos, CA.			
(5) RECOMMENDED ACTION It is our recommendation that your Honorable Board: <ol style="list-style-type: none"> 1. Accept Project Update from staff; and 2. Direct staff to cancel the existing design-build contracting process for the treatment facility, which was initiated with a Request for Qualifications on December 17, 2008; and 3. Waive the Board adopted Contract for Services policy requiring requests for proposals for services over \$25,000; and 4. Approve the attached sole source Agreement for Professional Engineering Services with Carollo Engineers, Inc. in the amount of \$942,669 (\$856,972 fee estimate for base scope of work and \$85,697 contingency fund) and direct your Board Chair to execute; and 5. Approve the attached sole source Agreement for Professional Environmental Consulting Services with Far Western Anthropological Research Group in the amount of \$898,106 (\$844,851 fee estimate for base scope of work and \$53,255 contingency fund) and direct your Board Chair to execute; and 6. Authorize the Public Works Director to Approve Amendments to the Agreement in an amount not to exceed the approved contingency fund. 			
(6) FUNDING SOURCE(S) Fund Center 430	(7) CURRENT YEAR FINANCIAL IMPACT \$1,840,775.00	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input checked="" type="checkbox"/> Board Business (Time Est. 195 min.)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A		(12) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(13) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) 19001113 - Carollo Engineers; 19001101 Far Western		(14) W-9 <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	
(15) LOCATION MAP N/A	(16) BUSINESS IMPACT STATEMENT? No	(17) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date 12/13/11; 30	
(18) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(19) SUPERVISOR DISTRICT(S) - 2			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Public Works

John Waddell, Project Manager

VIA: Dave Flynn, Deputy Director of Public Works

DATE: 3/20/2012

SUBJECT: Project update, request for Board direction related to design-build contracting, approval of a sole source contract for Professional Engineering Services with Carollo Engineers in the amount of \$942,669, and approval of a sole source contract for Environmental Services with Far Western Anthropological Research Group in the amount of \$898,106, as previously authorized, for the Los Osos Wastewater Project, Los Osos, CA.

RECOMMENDATION

It is our recommendation that your Honorable Board:

1. Accept Project Update from staff; and
2. Direct staff to cancel the existing design-build contracting process for the treatment facility, which was initiated with a Request for Qualifications on December 17, 2008; and
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DISCUSSION

On September 20, 2006, California State Governor Arnold Schwarzenegger signed Assembly Bill 2701 (Blakeslee) which allowed the County, at the Board's discretion, to assume responsibility for development of a wastewater project (Project) for the community of Los Osos. Since 2006,

environmental permits and funding approvals have been obtained, and on March 15, 2011, your Board adopted the Due Diligence resolution to assume responsibility for the Project and proceed to Project completion. The adoption of the Due Diligence resolution predicated your Board's action on May 17, 2011 to approve the \$173 million Project budget. The budget includes a \$22 million interim funding loan, which has repaid the County's loans to the Project since 2006 and is funding the remaining pre-construction efforts.

Status Update

Since the approval of the Project budget and securing interim funding, efforts have focused on completing the engineering designs and preparing for the construction phase. The plans and specifications for the restoration of the Mid Town site, a requirement of the Coastal Development Permit (CDP), have been completed and the contract is currently out for construction bids. The design of the collection system is nearing completion and is planned to be released for bids in April. Compliance with pre-construction conditions in the CDP and those of the funding agencies, U.S. Department of Agriculture (USDA) and State Water Board are also nearing completion. Staff will provide a verbal update and presentation on these and other topics during this Board agenda item, including:

- ♦ Project schedule
- ♦ Budget status
- ♦ Funding agency compliance and terms
- ♦ CDP compliance
- ♦ Collection system contracting approach
- ♦ Water recycling facility design-build contracting
- ♦ Public outreach programs

Design-Build Contracting

The attached agreement for engineering services with Carollo Engineers is for the preparation of the design-build contracting documents for the Project treatment facility, which has been designated a water recycling facility by the Regional Water Board in the Project permit establishing the waste discharge requirements. The design-build contracting process includes a Request for Qualifications (RFQ) to pre-qualify design-build teams and a Request for Proposals (RFP) to solicit cost proposals for the design and construction of the water recycling facility. The County previously initiated the design-build process with the release of an RFQ in December 2008. However, due to the time that has elapsed since that pre-qualification process was completed, it is necessary to cancel the existing process and associated list of pre-qualified contractors and re-issue a new RFQ.

The primary scope of work for Carollo Engineers is preparing a preliminary design for the water recycling facility. The inclusion of a preliminary design in the RFP is in accordance with the State Public Contract Code §20133, which authorizes counties to utilize design-build contracting. The process must also follow the policy guidelines of the State Water Board, which will fund the design-build contract. The preliminary design will establish the guidelines for design-build teams to prepare their cost proposals by defining the layout and process details of the facility. The preliminary design will include performance criteria which define the requirements for the Project and set the standards for construction specifications.

Treatment Alternatives

The Project Environmental Impact Report (EIR) allows for secondary treatment to be accomplished by either an oxidation ditch or Biolac process, and either technology could conceptually be utilized for the water recycling facility. Carrying both oxidation ditch and Biolac options forward in the RFP would, however, complicate the preliminary design and design-build proposal processes. This would result in increased cost and schedule for preliminary design efforts since both technologies would require preliminary designs. In addition, proceeding with both options would likely reduce competition among design-build teams due to the risks and uncertainty of developing proposals for two dissimilar processes. In order to complete an efficient and effective RFP process, it is recommended to develop a preliminary design and solicit design-build proposals based on a single treatment process.

The attached technical memorandum evaluates the two allowable secondary treatment processes in order to develop a recommendation for the most appropriate technology for the Project. The memo considers the costs and operations of each system, as they relate to the specific conditions and permit requirements of the Project, including water quality requirements, footprint, bidding factors, and comparison to similar systems. Based on the evaluation, an oxidation ditch is recommended as the most appropriate technology to be utilized for Project. The following are some of the most compelling considerations:

- ♦ Capital cost estimates for each technology are essentially equal and therefore not a deciding criteria;
- ♦ Biolac systems are expected to have more long-term maintenance issues and costs;
- ♦ Biolac systems are not proven to consistently meet the stringent total nitrogen limits of 7 mg/L required by the Regional Water Board for this Project. Oxidation ditch system have a proven ability to consistently meet the total nitrogen limits;
- ♦ Biolac systems have a proprietary design which effectively eliminates cost competition for a major element of the design-build contracting; and
- ♦ Oxidation ditches require a smaller footprint which allows flexibility to meet site environmental constraints.

Cultural Resources Monitoring, Excavation, and Reporting

Los Osos contains a wealth of prehistoric cultural resources with many known sites located throughout the community. As a result, a substantial amount of cultural resources information has been produced by previous studies and plans, the Project's EIR, and agency investigations. As a requirement of the federal Section 106 process, the County entered into Memorandum of Agreement (MOA) with the State Water Resources Control Board, the United States Department of Agriculture, and the State Historic Preservation Officer. This MOA requires the County to fully implement the *Historic Properties Evaluation and Treatment Plan* (Treatment Plan) prepared by Far Western Anthropological Research Group (2010). The Treatment Plan details survey, excavation, monitoring, and reporting requirements for the Project. It also requires the laboratory processing of the substantial volume of cultural materials excavated during the LOCSD's project. Finally, the Treatment Plan provides for Native American coordination and monitoring throughout construction.

Sole Source Recommendation for Carollo Engineers

The recommendation for an engineering services agreement with Carollo Engineers is for a sole source contract, based on a number of considerations. Carollo Engineers is a nationally recognized design firm primarily focused on water and wastewater system design. They have provided

wastewater treatment plant designs for numerous California public agencies, including designs for notable water recycling facilities, such as the City of Roseville, City of Petaluma, and facilities in San Luis Obispo County for the City of Pismo Beach and the State of California. Carollo Engineers is a leader in the design-build contracting field, providing services both as an “owner’s representative”, as in the proposed agreement, and as a practitioner, completing the design and construction under a design-build contract.

Since the County initiated work on the Project in 2006, Carollo Engineers has provided a high level of professional services to the Project throughout the complicated and controversial development process. They have extensive background knowledge of the Project and have been, or are currently, providing important services for necessary for Project permits and approvals from the Coastal Commission, Regional Water Board, State Water Board, and CA Department of Public Health that are directly related to the water recycling facility. Based on this, Project specific, experience of their staff, they have the background required to provide quality design-build RFP documents in a cost effective manner.

Another important consideration for the water recycling facility preliminary design and construction is the provisions of the Public Contract Code regarding design-build contracting. The code requires that any firm participating in the preparation of the procurement documents (preliminary design and RFP) shall not be allowed to submit bids for the design-build contracting. Due to the high level of interest in the construction phase of this major project, it is uncertain whether a competitive RFP process for the scope of work for preparing the procurement documents would attract a competitive pool of qualified design firms who also have prior design-build experience. This proposed agreement with Carollo Engineers assures that the Project will have a top national firm with the necessary experience and qualifications to prepare the design-build procurement documents. By entering into this agreement Carollo Engineers will not be allowed to participate in the preparation of any design-build proposals for the Project with any other design-build team.

Sole Source Recommendation for Far Western Anthropological Research Group

The recommendation for an environmental (archaeological) contract with Far Western Anthropological Research Group is also for a sole source contract. Far Western was the cultural resources contractor for the LOCSD’s project and prepared the original archaeological research design. They conducted pre-construction excavations, coordinated with the Native American community when burials were encountered, and worked with the LOCSD to redesign project features to avoid human remains. Their current scope of work includes fulfilling the monitoring, excavation, and reporting requirements of the Treatment Plan.

Far Western has been the County’s cultural consultant throughout the development of the current project, and has produced technically accurate and timely work. As a firm, they are well respected by the State Historic Preservation Office, by the State Water Board’s cultural staff, and by the local archaeological community. Far Western’s approach to the cultural resources work includes the participation of local archaeological specialists, as well as utilizing Cal Poly facilities and Cal Poly students for laboratory analysis.

Public Works staff has worked with Far Western to develop a cost estimate that is approximately 40% less than their budget negotiated with the LOCSD in 2004 for the same monitoring, excavation, and reporting work. This noteworthy reduction in budget was achieved in part because of Far Western’s experience gained during the construction phase of the LOCSD’s project. Cal Poly will be providing laboratory space and temporary collection storage free of charge.

Sole Source Recommendation Conclusion

Our Department is recommending sole source contracts as the firms have unique subject matter specifically required of this work as well as having unique information and staffing to advance the project work. The depth of knowledge regarding the Project and issues specific to Los Osos make both Carollo Engineers and Far Western Anthropological the clear choice for their respective work.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel is providing legal guidance on all aspects of the Project and has approved the attached agreements as to legal form and effect.

The U.S. Department of Agriculture (USDA) and State Water Board are jointly financing the project and provide oversight of engineering and consulting agreements.

Numerous other County departments and local agencies are involved in other Project related efforts, which include preparation of a community Habitat Conservation Plan (Department of Planning and Building), an update to the Local Coastal Plan (Department of Planning and Building), and development of solutions to the community's groundwater basin overdraft which is causing sea water intrusion (Golden State Water, Los Osos Community Services District, and S&T Mutual Water Company under the jurisdiction of the San Luis Obispo County Superior Court). The County Tax Collector and Auditor-Controller will become involved during the issuance of bonds and collection of assessments on the tax roll.

FINANCIAL CONSIDERATIONS

The recommended agreements are for services necessary and planned for the completion of the Project. The costs, including contingencies, are included in the Project budget, which was approved by your Board on May 17, 2011. A budget status update is attached as Exhibit "A".

RESULTS

Approval of the recommended actions will continue progress toward a community wastewater project for Los Osos by retaining engineering and environmental consultants necessary to complete the design and construction of the Project.

File: Los Osos WWP 300448.00.1.4

Reference: 12MAR20-BB-1

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ATTACHMENTS

1. Exhibit A - Budget Status Update
2. Agreement for Professional Engineering Services with Carollo Engineers
3. Secondary Treatment Process Evaluation Technical Memorandum, November 2011
4. Agreement for Professional Environmental Services with Far Western Anthropological Research Group